

IN THE CHANCERY COURT FOR KNOX COUNTY, TENNESSEE
SIXTH JUDICIAL DISTRICT AT KNOXVILLE

STATE OF TENNESSEE,
Plaintiff,

v.

KATHERINE KENNEDY, individually,
and doing business as LEGAL OPTIONS
and LEGAL OPTIONS, INC., a Tennessee
Corporation,

Defendants.

COMPLAINT

This civil action is brought in the name of the State of Tennessee, by and through Paul G. Summers, Attorney General and Reporter ("Attorney General"), pursuant to the Unauthorized Practice and Improper Conduct Statute, Tenn. Code Ann. §§ 23-3-101, et seq. ("Unauthorized Practice of Law statute" or "UPL statute") and the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. §§ 47-18-101, et seq. ("TCPA"). Mark Williams, the Director of the Division of Consumer Affairs of the Department of Commerce and Insurance, has requested that the Attorney General commence proceedings against the Defendant for violations of the TCPA. The Attorney General has reason to believe that the Defendants named herein have violated the UPL statute and the TCPA as described herein and that this action is in the public interest.

I. JURISDICTION AND VENUE

1. The jurisdiction of this Court is invoked pursuant to the provisions of Tenn. Code Ann. § 47-18-108

and § 23-3-103(c)(2). Venue is proper in Knox County pursuant to Tenn. Code Ann. § 47-18-108(a)(3) and § 23-3-103(c)(2), because it is the county in which Defendants conduct or have conducted business. The Defendants have been provided with ten (10) days notice of contemplated legal action as set forth in Tenn. Code Ann. § 47-18-108(a)(2).

II. PARTIES

2. Pursuant to Tenn. Code Ann. §§ 23-3-101, et seq., the unauthorized practice of law allegations of this Complaint are commenced in the name of the State of Tennessee by the Attorney General. Pursuant to Tenn. Code Ann. §§ 47-18-108(a)(1) and 47-18-114, the Consumer Protection Act allegations of this Complaint are commenced by the Attorney General at the request of Mark Williams, Director of the Division of Consumer Affairs of the Tennessee Department of Commerce and Insurance. (See EXHIBIT A.)

3. Defendant Katherine Kennedy is, on information and belief, the owner and president of Legal Options and Legal Options, Inc. Her address is 7149 Periwinkle Drive, Knoxville, Tennessee 37918. She is and has been involved in the daily operation of Legal Options and Legal Options, Inc. and has directly engaged in the conduct described herein.

4. Defendant Legal Options is a business with its current principle place of business located at 2800 Essary Road, Knoxville, TN 37918. The business was also known as Legal Options, Inc. prior to its administrative dissolution.

5. Defendant Legal Options, Inc. was a Tennessee corporation, originally chartered on June 22, 1992. The corporation was, on information and belief, administratively dissolved on March 15, 1996.

III. FACTUAL ALLEGATIONS

Upon information and belief, the State of Tennessee alleges as follows:

6. The Defendants (collectively referred to as "Legal Options") offer services to the general public which Defendants refer to as "typing services" or "document preparation" services. Defendants prepare legal documents such as divorce pleadings, orders, and wills using their own pleadings forms. Defendant Kennedy is not a licensed attorney and Defendants do not employ licensed attorneys for the regular conduct of their business. (See EXHIBIT B: Affidavit of Adele Anderson).

7. Generally, a consumer will call the Legal Options' office to arrange an appointment. In other cases, the consumer may simply go to the Legal Options' office to discuss the consumer's legal needs. In either case, the consumer is interviewed by a Legal Options' employee who obtains the information and documents necessary to prepare the legal forms. Legal Options' "clients" do not participate in the actual preparation of the documents other than to provide the requested information. The State is not aware of any case in which a consumer was initially interviewed by a licensed attorney.

8. As an example, Consumer 1 called Legal Options after seeing an advertisement in the newspaper. Consumer 1 was told over the telephone by an employee of Legal Options, Ms. Caroline Fox, that she could get help with her divorce without the assistance of an attorney. Consumer 1 knew very little about divorces, such as grounds for divorce, the documents she would need, what information was to be included in these documents, where she was to file the documents, or that she could file these documents pro se. An employee of Legal Options prepared documents for Consumer 1 to file in Knox County, Tennessee. An employee of Legal Options explained the information in the documents that were prepared on Consumer 1's behalf.

9. As another example, when Consumer 2 went to Legal Options, he first met with Mrs. Kennedy's husband who could not answer his questions about property, alimony, payment of bills, and pension plans. Such information was important to Consumer 2 since his ex-wife was disabled and both he and his ex-wife were federal employees. Consumer 2 stated that he then met with Mrs. Kennedy who answered all of his questions. Consumer 2 relied on her "expertise" to make sure everything was done correctly.

10. Another consumer, Consumer 3, did not know anything about the types of forms she needed for her divorce nor was she asked her opinion about what form she wanted or needed when she met with employees of Legal Options. Legal Options prepared the divorce documents for Consumer 3 and that she did not personally fill out any portion of the documents that were later filed in court proceedings in Tennessee.

11. In order to attract consumers to their offices, the Defendants place advertisements in newspapers and on the radio which persuade consumers to purchase Defendants' services with offers of "sav[ing] hundreds of dollars in legal fees by letting Legal Options prepare your documents for you." Newspaper advertisements placed by the Defendants make no disclaimers or limitations regarding their services. In fact, those advertisements refer only to the prices associated with specific legal services or documents. (See EXHIBITS C and D: Radio Script and Newspaper Ads).

12. The business cards used by Defendants' employees offer no more information than the advertisements. One business card used by Defendants, for example, only states "Affordable Legal Services for East Tennessee." On the back of that business card is a price list used in charging for Defendants' services. There is no disclosure on these cards that the services are limited to typing or that the Legal Options' staff does not include attorneys. (See EXHIBIT E: Business Cards).

13. Additionally, the Defendants placed advertisements in the "Real Yellow Pages" of the Knoxville area Yellow Pages telephone directory in the section called "Legal Clinics." This is yet another example of the actual services being offered by the Defendants: legal services. (See Exhibit F: Legal Options' listing in the Real Yellow Pages).

14. The advertisements, business cards, letterhead, and other representations made by the Defendants underscore their offers of providing services generally offered by licensed attorneys at a lower price than

licensed attorneys. These representations by Legal Options likely result in the consumer's misunderstanding of the standard of the services rendered, the ability of Legal Options to perform these services, and the necessity of retaining a licensed attorney.

15. There is no question that the Defendants charge for their services. In fact, it is the constant comparison of their prices to the fees charged by licensed attorneys that has, at least in part, enabled them to maintain a client base.

16. For example, Consumer 2 paid Legal Options \$50.00 for "legal services" related to his divorce, Consumer 1 paid Legal Options \$75.00 for "legal services" related to her divorce, and Consumer 3 paid Legal Options \$70.00 for "legal services" related to her divorce.

17. In addition to soliciting clients and charging for and preparing legal documents, the Defendants also instruct their clients about proceeding in various courts. The Defendants routinely provide their clients with a list of instructions for filing documents and appearing in court.

18. As an example, Legal Options gave instructions on how to file divorce document. These instructions, for example, advise consumers: "DO NOT FILE THESE INSTRUCTIONS WITH YOUR DOCUMENTS;" the time period for filing the divorce documents; that the "DOCUMENTS MUST BE FILED IN THE COURT LISTED AT THE TOP OF YOUR PAPERS ONLY!!! IF YOU FILE THEM IN ANY OTHER COUNTY AND/OR COURT IT COULD RESULT IN A DISMISSAL OF YOUR CASE, YOUR DIVORCE NOT BEING GRANTED, ADDITIONAL COURT COSTS AND YOU WOULD HAVE TO BEGIN THE PROCESS AGAIN!!! FILING OF THESE DOCUMENTS IN THE PROPER COURT IS YOUR RESPONSIBILITY, NOT THAT OF LEGAL OPTIONS, INC.!;" when to file each document that Legal Options has prepared; the waiting period for divorces, depending on whether the consumer has children or not; to state that the "GROUNDS ARE IRRECONCILABLE DIFFERENCES" when asked by the Judge/Chancellor; "DO NOT ASK THE CHANCELLOR OR JUDGE ANY QUESTIONS, THEY CANNOT GIVE YOU LEGAL ADVICE;" and if the parties reconcile, to "PLEASE LET LEGAL OPTIONS, INC. KNOW AND WE WILL PREPARE THE APPROPRIATE DOCUMENTS FOR A RECONCILIATION FOR YOU TO SUBMIT TO THE COURT." (See EXHIBIT G: Copy of instructions that Defendants give to each consumer filing for divorce.)

19. Defendants advertise services and collect money or other valuable consideration from consumers and persons for providing those services when Defendants cannot, under Tennessee law, provide them.

20. For example, Consumer 2 paid Legal Options \$50.00 to prepare his divorce documents, which the Circuit Court Judge refused to accept because the Judge stated to Consumer 2 that the pleadings Legal Options prepared were incorrect. Consumer 2 had to incur additional expenses by hiring an attorney to resolve his divorce matter, which occurred three months later after the initial divorce hearing.

21. As yet another example, Consumer 3 paid Legal Options \$70.00 for preparing all the documents she

was told she would need for her divorce. However, her divorce was not granted when she first appeared before the Circuit Court Judge because the Judge told her that Legal Options was "not legal" and her documents were incorrect. Consumer 3 had to hire an attorney to resolve her divorce matter three months after her initial final divorce hearing.

22. Defendants' preparation of legal documents and instructions for proceeding necessarily involve "law business" and the "practice of law." Despite their statements in their radio advertisement that they are not attorneys (See EXHIBIT C), the Defendants are making numerous legal decisions, including but not limited to, making determinations on the relevancy of information, advising clients about appearances in court, and deciding which papers should be prepared for each kind of case. They are, in effect and without question, practicing law.

23. At least one judge has stopped the Defendants' practices in his Court. The Judge began to notice the same mistakes in divorce pleadings filed in his Court by pro se petitioners. He began asking about the preparation of these documents and discovered that Legal Options prepared them. Initially, he corrected the mistakes. After a while, however, when the incorrect documents kept being filed, he began to refuse them and asked that those affected litigants complain to the Knox County District Attorney General.

24. The Defendants' response to the Judge's concerns was not to change their practices. Rather, Defendants began sending their clients to other courts to avoid that particular Judge.

25. Defendants have engaged and may be continuing to engage in "unfair or deceptive acts or practices affecting the conduct of any trade or commerce" in Tennessee, which are declared unlawful by Tenn. Code Ann. § 47-18-104(a). Further, Defendants' advertisements and solicitations for their business are unfair or deceptive in violation of the Tennessee Consumer Protection Act of 1977.

26. Defendant Katherine Kennedy, as an individual, directly participated in the unfair and deceptive practices, had knowledge or should have had knowledge of the practices, and had the authority to control and stop the unfair and deceptive acts and practices. Further, Defendant Katherine Kennedy personally developed the business plan to provide the illegal services, and she solicited consumers or other persons and received their money. Defendant Katherine Kennedy also prepared, reviewed, or approved the advertisements and solicitations containing the unlawful representations.

27. Consumers and persons, the exact number of whom is presently unknown to the Plaintiff, State of Tennessee, have been injured and suffered ascertainable losses as a result of the Defendants' acts and practices.

IV. VIOLATIONS OF THE LAW

COUNT A: UNAUTHORIZED PRACTICE OF LAW

28. The Plaintiff incorporates by reference and reallege each and every allegation contained in

Paragraphs (4) - (27) of this Complaint.

29. Defendants have been and are engaging in "law business," engaging in the "practice of law," and performing legal services for persons within the State of Tennessee as defined in Tenn. Code Ann. §§ 23-3-101, et seq.

30. By advertising and promoting that Legal Options and Legal Options, Inc. provides divorce, probate and real property legal services, Defendants have engaged in "law business" and the "practice of law" pursuant to Tenn. Code Ann. § 23-3-101(1) and (2).

31. By providing divorce, probate and real property legal services, and preparing documents for those types of court actions, Defendants have engaged in "law business" and the "practice of law" pursuant to Tenn. Code Ann. § 23-3-101(1).

32. By providing divorce, probate and real property legal services, and preparing documents for those types of court actions, Defendants have engaged in the unauthorized practice of law, in violation of Tenn. Code Ann. § 23-3-103.

33. Defendants' failure to clearly and conspicuously disclose in their advertisements that they are not attorneys or affiliated with a law firm is a violation of the unauthorized practice of law statute, Tenn. Code Ann. § 23-3-103.

34. By engaging in the "practice of law" and "law business" without having been duly licensed therefore, Defendant Katherine Kennedy has engaged in the unlawful practice of law, in violation of Tenn. Code Ann. § 23-3-103 (a).

35. By engaging in the "practice of law" and "law business" without having been duly licensed therefore, Defendant Legal Options has engaged in the unlawful practice of law, in violation of Tenn. Code Ann. § 23-3-103 (a).

36. By engaging in the "practice of law" and "law business" without having been duly licensed therefore, Defendant Legal Options, Inc. has engaged in the unlawful practice of law, in violation of Tenn. Code Ann. § 23-3-103 (a).

37. By continuing to hold themselves out as authorized to prepare legal pleadings to be used in court proceedings, despite the fact that none of the Defendants are licensed to practice law by the State of Tennessee or any other state, Defendants continue to violate Tenn. Code Ann. § 23-3-103 by engaging in "law business" and the "practice of law" without a law license issued by the State of Tennessee.

38. By holding herself out to the public as authorized to prepare legal documents to be used in court proceedings, Defendant Katherine Kennedy is unlawfully holding herself out as a lawyer, in violation of Tenn. Code Ann. § 23-3-108.

39. By holding itself out to the public as authorized to prepare legal documents to be used in court proceedings, Defendant Legal Options is unlawfully holding itself out as a lawyer, in violation of Tenn. Code Ann. § 23-3-108.

40. By holding itself out to the public as authorized to prepare legal documents to be used in court proceedings, Defendant Legal Options, Inc. is unlawfully holding itself out as a lawyer, in violation of Tenn. Code Ann. § 23-3-108.

COUNT B: CONSUMER PROTECTION ACT VIOLATIONS

41. The Plaintiff incorporates by reference and reallege each and every allegation contained in Paragraphs (4) - (27) of this Complaint.

42. Defendants' offering of legal services and promoting of their "law business" to consumers, as alleged herein, constitutes "trade," "commerce" and/or a "consumer transaction" and the offering of or providing of "goods" and/or "services" as defined in Tenn. Code Ann. §§ 47-18-103(5), (8) and (9).

43. All of the acts and practices engaged in and employed by Defendants, as alleged herein, are "unfair or deceptive acts or practices affecting the conduct of any trade or commerce" in Tennessee, which are declared unlawful by Tenn. Code Ann. § 47-18-104(a).

44. By placing and advertising under the heading of "Legal Clinics" in the Knoxville, Tennessee "Real Yellow Pages" telephone directory, Defendants create the likelihood of confusion or misunderstanding as to the source, sponsorship, approval or certification of the services offered by Defendants, in violation of Tenn. Code Ann. §§ 47-18-104(a), (b)(2) and (b)(27).

45. By advertising and promoting that they can provide "affordable legal services in East Tennessee," Defendants have represented or implied that the services they offer have sponsorship, approval, characteristics, uses or benefits that the Defendants cannot offer, in violation of Tenn. Code Ann. §§ 47-18-104(a), (b)(5) and (b)(27).

46. By representing or implying to consumers or persons that Defendants were licensed attorneys or otherwise qualified to legally prepare documents to be used in courts of law as alleged in paragraphs (4) - (27), Defendants have misrepresented that their services are of a particular standard, quality, or grade, in violation of Tenn. Code Ann. §§ 47-18-104(a), (b)(7) and (b)(27).

47. By advertising and promoting their services as described in this Complaint in the Knoxville, Tennessee "Real Yellow Pages" telephone directory and otherwise, Defendants have represented or implied that a consumer transaction confers or involves rights, remedies or obligations that they do not have or involve, in violation of Tenn. Code Ann. §§ 47-18-104(a), (b)(12) and (b)(27).

48. Defendants' failure to clearly and conspicuously disclose in their advertisement in the Knoxville, Tennessee "Real Yellow Pages" telephone directory that they are not licensed attorneys or affiliated with a law firm and that their legal services cannot be utilized in Tennessee courts of law without retaining and consulting with a licensed attorney is a deceptive act or practice, in violation of Tenn. Code Ann. §§ 47-18-104(a) and (b)(27).

49. By accepting payment for legal services and failing to deliver those legal services as alleged in paragraphs (4) - (27), Defendants have engaged in conduct, in violation of Tenn. Code Ann. §§ 47-18-104 (a) and (b)(27).

50. By failing to clearly and conspicuously disclose to consumers that Defendants have not met the State's requirements to practice law and Defendants cannot legally offer legal services, including the preparation of legal documents without a valid law license or the assistance of an attorney as alleged in paragraphs (4) - (27), Defendants have violated Tenn. Code Ann. §§ 47-18-104(a) and (b)(27).

PRAYER FOR RELIEF

WHEREFORE, PREMISES CONSIDERED, THE STATE OF TENNESSEE PRAYS:

1. That this Complaint be filed without cost bond as provided by Tenn. Code Ann. §§ 20-13-103 (c)(3), 47-18-108 and 47-18-116.
2. That process issue and be served upon Defendants Katherine Kennedy, Legal Options and Legal Options, Inc. requiring each Defendant to appear and answer this Complaint.
3. That this Court adjudge and decree that Defendants Katherine Kennedy, Legal Options and Legal Options, Inc. have engaged in the aforesaid acts or practices which are violative of the Tennessee Unauthorized Practice and Improper Conduct statute.
4. That this Court adjudge and decree that Defendants Katherine Kennedy, Legal Options and Legal Options, Inc. have engaged in the aforesaid acts or practices, which are violative of the Tennessee Consumer Protection Act.
5. That this Court temporarily and permanently enjoin Defendants Katherine Kennedy, Legal Options and Legal Options, Inc. from engaging in the aforesaid acts or practices, which are violative of the Tennessee Unauthorized Practice and Improper Conduct statute and the Tennessee Consumer Protection Act of 1977.
6. That this Court adjudge and decree that the Defendants Katherine Kennedy, Legal Options and Legal Options, Inc. are liable to the State for the reasonable costs and expenses of the investigation and prosecution of the Defendants' actions, including attorneys' fees, expert and other witness fees, as provided by Tenn. Code Ann. § 23-3-103(c)(1) and Tenn. Code Ann. § 47-18-108(b).

7. That this Court make such orders or render such judgments as may be necessary to restore to any consumer or other person any ascertainable losses (including statutory interest) suffered by reason of the alleged violations of the Tennessee Unauthorized Practice and Improper Conduct statute.
8. That this Court make such orders or render such judgments as may be necessary to restore to any consumer or other person any ascertainable losses (including statutory interest) suffered by reason of the alleged violations of the Tennessee Consumer Protection Act of 1977.
9. That this Court adjudge and decree that Defendants pay civil penalties of not more than one thousand dollars (\$1,000.00) per violation to the State as provided by Tenn. Code Ann. § 23-3-103(c)(1).
10. That this Court adjudge and decree that Defendants pay civil penalties of not more than one thousand dollars (\$1,000.00) per violation to the State as provided by Tenn. Code Ann. § 47-18-108(b).
11. That this Court appoint an attorney to review the files of Katherine Kennedy, Legal Options and Legal Options, Inc. and that the attorney so appointed have all of the power of an attorney appointed pursuant to Rule 9, Section 22 of the Rules of the Supreme Court of Tennessee and that Defendants Katherine Kennedy, Legal Options, Legal Options, Inc., and any other employee, representative, agent, officer or director of Legal Options be required to turn over such files immediately to the appointed attorney.
12. That this Court issue a Protective Order for the contents of the files and any communications in the files turned over to the appointed attorney.
13. That all costs in this cause (including any costs for the receiver) be taxed against Defendants Katherine Kennedy, Legal Options and Legal Options, Inc.
14. That this Court grant Plaintiff such other and further relief as this Court deems just and proper.